LEGISLATURE IN COMMITTEE YESTERDAY

Provincial Legislature, March 22.
The House met at 11 a.m.

Mr. Stewart presented a petition from the Charlottetown Forum Limited praying for an Act to reduce the amount of taxes owing by them to the City of Charlottetown up to Dec. 31, 1934, and to fix an assessment value of $5,000 on the property used in connection with its rent for the year 1935 and subsequent years.

Attached to the petition were copies of resolutions, one passed at a public meeting of the city, some time ago and the other passed by the City Council last night.

The petition presented in the House today states that the Charlottetown Forum Limited was incorporated by letters patent on June 7, 1930; that since the acquisition of the property which it now holds within the city, taxes have been regularly assessed upon the same, and a large sum of money is now due and owing to the city for these; that the corporation has operated and still operates a skating rink for the promotion of sports and athletics in Charlottetown and provides community entertainment as well as advertising for the said city; that the corporation has not since it has commenced operations made any profit or dividends for its shareholders; and the corporation, finding itself unable to meet all its obligations and pay the aforesaid taxes has applied to the said City of Charlottetown for a reduction of the same.

That at a public meeting of the citizens of the said City of Charlottetown the following resolution was unanimously passed:

"Resolved that it is the opinion of this meeting that the City Council should accede to any reasonable reduction in taxes on the Charlottetown Forum Limited now owing and to accrue and which the Forum may have authorized by the Legislature."

The petition further states:

That the said corporation is desirous of having an Act passed at this present session for the purpose of reducing the amount of taxes owing by it to the said City of Charlottetown up to the thirty first day of December A. D., 1934 and further that an assessment valuation of $5000.00 be fixed upon its property used in connection with its rink for the year 1935 and in each and every subsequent year while such property is used in connection with the operation of an artificial ice skating rink.

The following was the resolution passed at last night's meeting of the Council.

Whereas the directors of the Charlottetown Forum Limited have requested this Council's concurrence in their petition for exemption from civic taxes and the Council has recognized the public nature of the undertaking, the impossibility of profit and the extreme difficulty of meeting operating expenses, as well as the commendatory resolution passed at the citizens' meeting called to consider the request.

Resolved that this council concur in their petition for such legislation as shall provide that an assessment valuation of $5000 be fixed on the rink property of the Charlottetown Forum for the year 1935, and all subsequent years while such property is regularly and in full season used as an artificial ice rink and while ownership thereof remains in not less than six representative citizens of Charlottetown and that all arrears of civic taxation thereon shall be discharged by payment of $400 if paid on or before December 31, 1935.

A bill in accordance with the petition was introduced and read a first time.

THIRD READINGS

The following bills were read a third time and passed:

An Act to amend an Act respecting the registration of documents (Hon. Mr. McPhee.)

An Act to amend the Trustee Act, 1910. (Hon. Mr. MacPhee.)

An Act to amend an Act to incorporate the Town of Borden. (Hon. Mr. Arsenault.)

An Act to amend the Fur Farming and Fur Dealers' Act. (Hon. Mr. Sharp.)

An Act to amend the Public School Act, 1920 (Premier MacMillan.)

LIGHTNING RODS BILL

On motion of Hon. Mr. MacPhee the House went into committee with Mr. Stewart in the chair on second reading of an Act to regulate the sale and installation of lightning rods.

Sec. 2 of the bill provides that no person or corporation shall sell or offer for sale material or apparatus intended to be used for the protection of buildings or structures from damage by lightning, or instal upon any building or structure any apparatus intended to, or purporting to be used for the protection of buildings or structures from damage by lightning until authorized to do so by a license obtained from the Provincial Electrical Inspector under the provisions of this Act or of the Regulations.

Subject to the regulations a license would not be issued until the Provincial Electrical Inspector had approved,—

(a) Of the material or apparatus intended to be used for the protection of buildings or structure and their contents from damage by lightning, and shall deposit with him a sample of the material or apparatus intended to be used for the protection of buildings or structures from damage by lightning.

(b) Of the manner and system of installing such material or apparatus:

c) Of a guarantee agreement, to be filed with him, providing that in the event of damage by lightning to property, rodded by said person or corporation or his agent, money for the rodding of said building (including material and labor) shall be returned to the owner thereof, or the damage to said building repaired; provided however, that claim is made within thirty days of sustaining such damage, and the Provincial Electrical Inspector is satisfied that the applicant, after complying with the necessary requirements, is safe and reliable as to assets and business standing and is entitled to public confidence.

The promoter explained that there is now no statute whereby those installing lightning rods can be controlled and it has been represented to the government that a check is necessary on faulty installations which are not only useless against lightning, but sometimes are positively dangerous.

The electrical inspector under the Electrical Inspection Act and the Insurance Companies have recommended the legislation very strongly.

Mr. Dennis asked if there was any reduction in insurance owing to proper installation.

Hon. Mr. MacPhee said the installation of lightning rods seemed to have been satisfactory as there was no evidence of buildings having been struck.

Mr. Lea strongly disagreed. He cited instances of faulty installation which were positively dangerous and stressed the need of some legislation to remedy the situation.

No Extra Expense

Premier MacMillan explained that the inspection would not be an added expense to the man who was having the work done, but it would be a great safeguard against fire.

Mr. Dennis complained that the present Electrical Inspection Act had caused a great deal of hardship. At O'Leary, he said, equipment had been discarded by the inspector unnecessarily.

Premier MacMillan: "Who made the decision as to whether that garage was properly installed or equipped?"

Mr. Dennis: "The electrical people ,who got some money for doing it again."

Premier MacMillan: "If everyone who does installation on his own account is allowed to be the judge and say whether the equipment is right or not, what safeguard have you? Under the Electrical Inspection Act you have appointed a man, and he is in charge. We heard some complaints and we interogated the Inspector several times. There is only one reason why he condemns equipment and that is faulty installation. It is quite easy for qualified persons to obtain a permit under this Act; it costs them nothing, so there is no disability."

Messrs Lea and Dennis maintained that the fee of $50 under the Act was too high. The latter insisted it would work a considerable hardship.

Premier MacMillan: "On what people would the 'hardship' and expense fall?"

Mr. Lea: "He means the small agent, I think."

Hon. Mr. MacPhee: "He is usually the agent of an outside firm."

Mr. Dennis: "Why not permit any person to install the equipment, then the Inspector could be called in to see whether it was safe or not?"

Premier MacMillan: "If the inspector has to go over an installation, that means that he has got to dig out each one to see whether it is properly grounded. I think this is much more logical. It places the expense on the company to see that the equipment is properly installed. There is no obligation or expense on the man purchasing the equipment. It is for his protection, that is all."

Further discussion followed, participated in by Messrs Dennis, Lea, McPhee, McIntyre and others. Mr. Dennis, in particular, was insistent in opposing the legislation.

Mr. MacPhee stressed two purposes which the Act had in mind: (1) to see that the installations are properly made, and (2) to ensure that the owner is recompensed in the case of faulty installation.

After further discussion, progress was reported.

The House adjourned until 3 p.m. Monday.

The Premier announced that "unless we are struck by lightning" the Budget would be brought down Monday night.

Death Of Mr. Russell McLure

The death occurred at his home in North Rustico yesterday morning of Mr. Russell McLure, aged 62 years. The late Mr. McLure was a son of the late Mr. and Mrs. John McLure, his mother having passed away in 1932 and his father a number of years before. He was a well known farmer and was held in the highest esteem in the community.

He was unmarried and is survived by one brother, Mr. W. Chester S. McLure, M. P., and three sisters, Miss Lucy at home, Mrs. MacMillan of the Morell House, Charlottetown, and Mrs. Colin McLure of Brackley Point. He was a first cousin of Mr. B. W. LePage, M.P.P., of this city.

The funeral will be held on Sunday at 2.30 p. m. to the Cavendish cemetery.

AGED CAPE BRETON RESIDENT DIES

JUDIQUE, N. S., March 22.—(C. P.)—Stephen Graham, among the oldest residents of Cape Breton, died at his home here today, aged 101 years and three months. He is survived by seven children, 41 grandchildren and 17 great grand-children. Chief of Police Daniel Graham of New Waterford, Cape Breton, is a son.

SARNIA, Ont.—Demand for farm help has shown sharp increase and higher wages are being paid, reports local office of Canadian Employment Service.

CURRENT ACCOUNT BUDGET BALANCED

Downward Revision In 48 Customs Tariff Items Announced In Parliament

(Continued from Page 1)

(By Guardian's Special Wire)

OTTAWA, March 22.—A surplus of ordinary revenues over ordinary expenditures of $2,700,000 was shown in the budget delivered in the House of Commons today by Finance Minister E. N. Rhodes, but extraordinary and capital expenditures turned the favorable balance into a net deficit of $69,300,000. It was the first surplus on ordinary account since 1929-30.

Delivering his fourth budget address Mr. Rhodes was in a position to review a year of increasing revenues, expansion in trade, improved commodity price levels, and rising employment figures. The small surplus on ordinary account was compared with a deficit last year of $22,000,000 and $43,000,000 the year before. The deficit on all operations of $69,300,000 was compared with $76,300,000 last year. Adding the Canadian National Railway deficit of $48,400,000 the total increase in debt for the year was $117,700,000 as compared with $133,500,000 last year.

For the first time since 1930 the taxation receipts yielded the estimated return, the estimate given in the budget last year having been $306,000,000 and the actual receipts, with those for the last month of the fiscal year necessarily estimated, will be $306,050,000, an increase of $34,200,000 over the previous year.

Total ordinary revenues were estimated at $359,300,000 and total ordinary expenditures $356,300,000, which was $2,200,000 less than the amounts authorized by votes and statutes. Total trade for the months ended with February 28, 1935 was valued at $1,082,347,000, an increase of $168,777,000 over the previous year. For the fourth consecutive years there was a surplus of exports over imports, the balance during the 11 months being $134,000,000.

It was his good fortune, Mr. Rhodes said, to review the course of business and finance during a year "which has been marked by continued and substantial progress, and a nearer approach to sound and satisfactory business and financial conditions."

Dominion Bureau of Statistics reports showed the physical volume of business in Canada to have risen in February to this year 48.5 per cent above the low point of the depression. Progress in 1934 was more general than in 1933, the Minister said. According to League of Nations figures Canada occupied first place in degree in general industrial production among the 15 leading countries of the world in the period January, 1933, to the end of term.

Index figures of manufacturing production were 0.2 per cent. higher inJanuary 1934 than in the same month in 1933, and 5.4 per cent. above the low point of the depression. Construction contracts in 1934 increased 29 per cent. over 1933. Value of mineral production exceeded any other year in history except 1929 and 1930.

Forestry industries were more active than any year since 1930. Output of electrical power was the highest ever recorded in Canada.

Carloadings showed an appreciable increase over the previous year and railway earnings were up. Canadian National gross operating revenues increased 1 per cent and Canadian Pacific 0.2 per cent, as compared with 1933.

Wheat production was only slightly more than 1933 but the average cash price of No. 1 Northern at Winnipeg was 81 cents per bushel from August to December as compared with 65.1 cents in the same period of 1933, and the value of the crop was estimated 33 per cent greater.

Estimated total value of all field crops was $544,975,000 in 1934, an increase of $9,377,000 over 1933. A bright feature of the livestock industry was the recent revival of exports of live cattle to the United States. Shipments during the three months ended with March 15 were approximately double the total for the entire year 1934. The revival was ascribed to the high prices prevailing in United States markets and scarcity of cattle in that country due to drought and feed shortage.

With respect to policies respecting international trade the Minister said it was "idle to expound theories and futile to expatiate on the obvious desirability of greater freedom of trade. We are confronted with realities—we must face facts."

Recalling the state of trade when the government took office, and found tariffs "higher against the products of Canada in the markets fo the world than at any previous time in our history." Mr. Rhodes outlined the steps leading to the negotiation of Empire agreements in 1932, and the more recent treaty with France which, he said, for the first time places our trade relations with that country on an entirely satisfactory basis. Negotiations of a treaty with Poland was practically concluded and within the past few weeks an opportunity had presented itself for a treaty with United States.. Most favored nation trade arrangements had been completed with Germany, Austria and Brazil, and negotiations had been entered into for agreements with two un-named European countries.

Employment in 1934 had gained 15. per cent. over the previous year according to Bureau of Statistics figures which estimated that total increase in employment during the year was 65,000 persons, and the increase since April 1, 1933, the low point, 340,000.

Individuals on relief in February numbered 1,209,936, a decrease of 17,265 from February of last year.

CORNWALL, Ont.—Newly completed plant of Canadian Industries, Ltd., has started manufacturing operations and about 60 men will be employed when stepped up to capacity.

Railroad Progress And Debt

(C.P. By Guardian's Special Wire)

OTTAWA, March 22—The deficit of the Canadian National Railways in 1934 was $10,500,000 less than in 1933, it was shown in budget speech delivered today by Hon. E. N. Rhodes. The Dominion treasury had to put up $48,400,000 for 1934, $56,900,000 for 1933.

"Increased earnings on the one hand," Mr. Rhodes said, "and decrease in charges for exchange involved in payment of interest abroad were the main factors in this improvement.

"Gross earnings were greater by $16,400,000, or 1 percent and while operating expenses were somewhat larger than the estimated figures presented in the railway budget outcome on the whole was slightly better than anticipated at the beginning of the year.

"While this reduction in the deficit affords a very welcome relief to the treasury and tax-payer, the deficiency which still remains is of such proportions as to constitute a most serious drain on our resources.

"Actually, the books of the company show a loss in 1934 of $89,600,000. This figure can be reconciled with the amount of our payment by deducting $35,000,000 for accrued but unpaid interest on government advances and $5,200,000 for various charges not involving cash out-lay on the part of the railway.

"In addition to provision for the deficit the Dominion furnished by way of loan $579,000 for capital expenditures and $10,170,000 for retirement of miscellaneous maturing debt, making a total paid on all accounts in respect of the operations in the year 1934 of $59,100,000. The budget of the railways, as presented to Parliament, provided for a total amount of $65,200,000. It will be seen, therefore, that the net requirements for the year were $6,000,000 less than estimated, accounted for mainly by savings in capital expenditures."

The Minister referred to the recent refunding of railway issues at lower interest rates providing considerable savings for the system.

"The debt of the Canadian National Railway system, outstanding in the hands of the public is now $1,238,000,000, having been reduced by $15,000,000 in the past year. Of the amount outstanding, $956,000,000 are obligations guaranteed by the Dominion.

"A further improvement in railway earnings is anticipated in the year 1935 and the estimates of the company are based upon a further reduction of $4,400,000 in the deficit, bringing the loss to $44,000,000. In addition, the company will require $5,500,000 for capital expenditures and $26,700,000 for retirement of capital obligations, including sinking funds and equipment, principal payments and the $17,000,000 bond maturity on Feb. 15, 1935, already referred to. The total of these amounts is $75,200,000."

Harbor Loans

(C. P. By Guardian's Special Wire)

OTTAWA, March 22—Advances by the Dominion Government to Harbour Commissions were detailed in today's budget speech. Total advances to date and estimated advances in 1934-35 follow:

	Total to date	Estimated 1934-35
Chicoutimi	$ 3,539,000	$ 256,000
Halifax	8,833,000	65,000
Montreal	58,519,000	97,000
Montreal bridge deficit	2,022,000	484,000
New Westminster	275,000	none
Quebec	26,261,000	4,000
Saint John	13,219,000	417,000
Three Rivers	2,700,000	6,000
Vancouver	22,921,000	296,000
Total	$136,289,000	$1,629,000

Excerpts From Budget Speech

OTTAWA, March 22.—(C.P.) Following are some excerpts from the financial and economic review which accompanied presentation of the budget by Finance Minister E. N. Rhodes in the House of Commons today:

"We have been making splendid progress and that progress should continue—rapidly if world conditions favor, less rapidly if they impede."

"We have the more fundamental problem of adjusting our economic system to enable it to function with greater stability and with a greater measure of social justice. To this problem and its solution the government has devoted itself."

"It appeared that the time was fast approaching where practically all public bodies could secure the advantages of refunding outstanding issues at lower interest rates but a temporary clogging of the market and certain unfortunate, widely heralded statements have clouded the outlook for the time being. It behooves all debtors to remember that credit is a tender plant and must be carefully cultivated."

"It (Bank of Canada) may not be able to work the miracles which are expected from it in certain quarters but I am confident that in the coming years its contribution to the economic welfare of this Dominion will be an important one."

"Recent events indicate upon how slender a thread hangs the integrity of certain currencies and suggest the possibility of a period of renewed fluctuations with consequent disturbances to trade and finance."

"Upon reflection one can readily discern what could have been the dire effects upon our trade without these 1932 Imperial Conference agreements during a period when other countries were progressively closing their markets to imported goods."

"As the burden of interest charges still constitutes a pressing problem for most public bodies and many private individuals it is gratifying to record the rather striking success which has attended the comprehensive program sponsored by the government to bring down interest rates."

Trade Agreements Negotiated

(C.P. By Guardian's Special Wire)

OTTAWA, March 22 — Trade agreements with a number of foreign countries were being negotiated, Minister of Finance E. N. Rhodes told parliament today during his budget speech. He referred to those with Poland and the United States. They would be actively porsecuted.

"It may also be added," he said, "that negotiations are now in progress with the representatives in Canada of two other important countries, looking toward an agreement which will mean wider markets for some of our chief primary products."

After referring to the recent pact with France, the Minister added:

"Negotiations have been practically completed with Poland for a treaty which will enable Canadian trade to be carried on satisfactorily with that growingly important country from which, in the absence of a treaty, our products have been hitherto almost entirely excluded.

"During recent months an opportunity has presented itself for the first time since this government assumed office to enter into negotiations with a view to effecting a trade agreement with the United States.

"These negotiations will be actively prosecuted by the government of Canada, and every possible step is being, and will be taken with the object in mind of effecting a satisfactory agreement taking for its aim the lowering of trade barriers with consequent increased flow of trade resulting in mutual advantage."

National Loan Council Discussed

(C.P. by Guardian's Special Wire)

OTTAWA, March 22—Plans for a general refunding of all debts of public bodies, provinces and municipalities, included, have been studied by the Federal Government and will continue to receive attention. Hon. E. N. Rhodes, Minister of Finance, said in his budget speech in the House of Commons today. He discussed possibility of establishing a national loan council on the Australian model and the difficulties in the way.

"From time to time," he said, "suggestions have been made looking to elaborate programs for refunding the outstanding debt of all public bodies. These have all received detailed study and will continue to receive our attention.

In the budget last year, I discussed some of the difficulties involved, including the technical difficulties resulting from the form in which most of our financing was done in the war and post-war years and the more important difficulty arising out of the fact that so large a proportion of our obligations is held by external investors.

FORMER BOXER CONVICTED OF SLAYING

(A. P. by Guardian's Special Wire)

BOSTON, March 22—Miller Frank Clark, 56, one time boxer and odd job man, was convicted of murder in the first degree late today for the slaying of pretty 18-year-old Ethel Zuckerman. The jury deliberated only 10 minutes

OUTSTANDING FEATURES OF TARIFF CHANGES

Budget Reveals Wide Concessions To British Empire Countries.

(C. P. by Guardian's Special Wire)

OTTAWA, March 22—Wide concessions to British Empire countries and to their mandated territories, drastic reduction in liquor duties and a slashing of the British preferential rate on woollen yarns were outstanding features of the tariff changes announced today to the House of Commons by Finance Minister Edgar N. Rhodes, in his budget speech. At the same time several new elements in Canadian political history made their appearance.

In the first place, the budget resolutions set forth that the cut in liquor imposts must be passed on to the consumer. If provincial liquor control boards do not conform to this, the Government takes the power to re-impose the previous duties.

Second, Canada may now, by order-in-council, declare British Empire countries and mandated territories "most favored nations." This sweeping policy would have the effect of completely eliminating the application of the general tariff to all imports from British countries, provided such imports were entered into Canada through Canadian ports.

Drawback Principle

Third, for the first time in tariff history the drawback principle is applied under the British preference. Only one item is affected—No. 1039. This sets forth that cotton velveteen and cotton-back silkpile may enjoy a drawback of 99 percent of the duty when these articles are imported "under the British preferential tariff" for use by manufacturers in making certain types of boxes or cases.

Ox extreme importance also to Canadian consumers is the modification of the drawback on imported bituminous coal. When converted into coke and the coke sold as fuel to the general public, the drawback is 50 percent. When, however, that coke is re-employed by the conversion plant for its own purposes, the drawback once more becomes 99 per cent.

The Government, it is said, discovered that certain coking plants were last year turning the drawback item to their own advantage and that, instead of selling the coke as fuel to compete with anthracite coal, they were turning it back into their own plants. The new provisions are designed to stop this practice.

Liquor Duties

Liquor duties are cut under the British preference. The former impost of $8 a gallon has been reduced to $5, thus giving the United Kingdom and British West Indies distillers a full 100 per cent advantage over their foreign competitors. Under the intermediate and general rates the duty on spirituous liquors is $10 a gallon.

To ensure that this is passed on to the consumer, the Government amends the tariff to say:

"In the event of any duty imposed under this act upon spirituous or alcoholic liquors having been reduced, if it is made to appear to the governor-in-council that in any province the prices of such goods to the consumer have not been reduced to, or are not being maintained at, levels which will give the consumer the full benefit of any such reduction, the governor-in-council may order that such reductions shall be no longer in effect and—the full rates of duty therefore payable on such goods shall again be in force and effect."

The clause conceding most-favored nation treatment to "any British country or to any territory administered under a mandate of the League of Nations by any British country" is regarded as of highest importance in the matter of British Empire trade.

Were Restricted

Heretofore British goods which could enjoy the advantages of the British preference were restricted to the list specifically set forth in the tariff schedules, and were subject to the proviso that they conformed in the requirements as to 50 per cent British content.

If they were unable to do so they were automatically switched to the general tariff. Thus, for example, countries with which Canada had trade treaties could export goods to this country and enjoy a preference on them which British countres did not enjoy in the Canadian market.

Proclamation of the order-in-council granting most-favored nation treatment will face whatever British country is concerned on the same footing as treaty-countries with respect to all articles not specifically covered in the Empire trade agreements.

In the iron and steel schedule the preference tariff has been slashed on a number of items. An impost of $4.25 a ton on certain types of steel plates has been eliminated altogether, while a duty of 25 percent on iron piling, used chiefly in tarbor works, has also been deleted entirely.

Diesel engines, of which the United Kingdom makes much of the world's supply, will now be admitted free, thus abolishing a duty of 15 percent.

It was stated that in all cases where the tariff board made findings these findings have been reflected in the budget.

Highlights Of The Past Fiscal Year

OTTAWA, March 22.—(C. P.) Following are highlights of the budget financial and economic review for the fiscal year ending March 31, 1935, delivered in the House of Commons today by finance Minister E. N. Rhodes.

Surplus of ordinary revenue over ordinary expenditures of $2,700,000 as compared with deficit $22,000,000 last year.

Excess of all expenditures over all revenues of $69,300,000 (not including railway deficit) as compared with last year's $76,300,000.

Total revenue from all sources $362,374,000, an increase of $38,000,000. Total expenditures $480,074,000, an increase of $28,000,000.

Canadian National Railway deficit $48,400,000, a decrease of $10,500,000, due to increased gross operating revenues.

Taxation revenues $306,050,000, just $50,000 more than estimated and an increase of $34,200,000.

Relief expenditures $60,448,000, an increase of almost $25,000,000 over previous year's actual disbursements. Loans to four Western provinces under relief act $23,000,000 bringing total to $74,600,000.

Total unmatured funded debt $3,061,940,421 with annual interest charge of $127,074,231. Total liabilities $3,204,841,000 and assets $2,847,678,000.

Total trade for 11 months ended Feb. 28, 1935, valued at $1,082,347,000 an increase of $168,777,000. Surplus of exports over imports $134,000,000.

Increase in employment 1934 as compared with 1933, estimated 15.1 per cent, with 259,918 families on relief in February last, a decrease of 23,756 families as compared with February 1934.

General increase in commodity prices, security values, production and construction activities, and lowering of interest rates.

Dominion Debt Increase

(C.P. by Guardian's Special Wire)

OTTAWA, March 22—The debt of the Dominion increased $117,700,000 during the present fiscal year, Minister of Finance E. N. Rhodes said in his budget speech today. The debt included a Canadian National Railways deficit of $48,400,000. The corresponding figure for the previous year was $133,500,000, indicating an over-all improvement of $15,800,000.

The net debt increased from March 31, 1930, to March 31, 1935, by $669,900,000. The increase follows.

Canadian National Railway deficits	$223,970,000
Unemployment relief on wheat bonus	188,500,000
Deficits on ordinary account	135,350,000
Capital expenditures	67,380,000
Loans and advances, non-active	40,200,000
Other special expenditures less receipts	14,500,000
Total	$669,900,000

Deficits on ordinary account were due to falling off in taxation revenues. Capital expenditures were on public works of which $28,200,000 were incurred in 1930-31 alone. Loans and advances were chiefly to harbor commissions and steamships.

Owing to lower interest rates the interest burden was not increased proportionately. It increased $14,300,000 in five years.

Departmental officials explained that increased currency to cover the present building program was included in the net debt because securities were handed to the Bank of Canada to cover any such issue.

These securities bear interest at three per cent, but it is expected the interest will be returned to the Dominion in bank profits.

Unmatured funded debt and treasury bills as at next March 31 were $3,061,940,421. The interest charges were $127,074,231. The net funded debt was $3,007,407,73 when deposits in sinking funds were subtracted. Of the total funded debt 74.09 per cent was payable in Canada, 2.66 per cent in Canada and New York, 9.56 per cent in New York, 13.39 per cent in London.

Of the indirect liabilities "bonds bearing the guarantee of the Dominion outstanding in the hands of the public at present amount to $987,300, a decrease of $6,000,000 in the year," Mr. Rhodes said.

"With reference to guarantees under the relief acts, no new commitments were entered into during the year and substantial reductions occurred in the amounts outstanding under guarantees given in previous year.

"The guarantee in connection with the financing of the completion of the Beauharnois Power project terminated during the year without cost to the government.

"The Canadian Pacific Railway repaid back loans to the extent of $12,000,000, reducing the amount of the guarantee correspondingly. The guarantee in connection with the Province of Manitoba savings office was reduced by some $1,500,000.

"The guarantee of bank advances arising out of the operations of the Canadian Co-operative Wheat Producers Limited, in connection with the marketing of wheat was continued."

Apart from the wheat guarantee which were for unstated amount and subject to fluctuation from day to day the aggregate of guarantees under the relief acts was $65,717,000, a decrease of $27,500,000 in the fiscal year. The amounts of the different guarantees (guarantees under relief acts estimated outstanding next March 31) were as follows:

British Columbia	$ 626,533
Manitoba	5,894,127
Manitoba Savings Office	9,327,327
Algoma Steel Corp.	445,000
Dom. Steel & Coal Cor.	800,000
Can. Pac. Railway	48,000,000
Govt. of Nfld.	625,000
Can. Co-operative Wheat Producers, Ltd.	unstated

FAR-REACHING CHANGES IN INCOME TAX

Rhodes Announces Change In Method Of Taxation.

OTTAWA, March 22—Swelling income tax revenues by not less than $12,000,000 annually, far-reaching changes in the Income Tax Act today were announced in the budget brought down in the House of Commons.

A new impost—a surtax ranging from two to 10 percent on investment income and on incomes of all persons other than joint stock companies over $14,000—is being put into effect. Specific exemption of $5,000 is provided on investment income which covers interest, dividends, rents, royalties and like returns. The tax will not aply to wages and salaries up to $14,000. If personal exemptions on account of marital status and dependents exceed $5,000, the greater amount will be allowed.

Tax on the premium value of gold will be discontinued after next May 31; but depletion allowances on returns for mines are reduced substantially. Rate of depletion allowance granted to precious metal mines is to be decreased from 50 to 33 1-3 per cent. Dividends received by shareholders are to be taken by an allowance of 20 percent in place of 50 percent.

Income Tax

The corporation income tax is raised from 12 1-2 to 13 1-2 percent.

A tax from two to 10 percent is to be levied on gifts. The impost will not apply to gifts between husband and wife, nor to gifts to minors now provided for under the act. Exemption is made on gifts for charitable, religious, educational, scientific or literary purposes and to the Dominion, the provinces or political sub-divisions for public purposes. Gifts in the aggregate not exceeding $1,000 a year are to be free from tax.

More drastic provisions are made with regard to consolidated income returns and when consolidation of returns is allowed rate of tax is to be 15 percent as compared with the present 13 1-2 percent.

An impost of five percent is imposed at the source on all royalties payable by Canadian debtors in respect of books, music and articles in magazines to non-residents of Canada. The 12 1-2 per cent deduction in respect of these is abolished.

Amounts recieved from income bonds or debentures are to be treated as dividends. There will not be a deduction before determining taxable income of a corporation paying any amount in respect to such bonds or debentures.

Stiffening deduction provisions, sums, charged by companies outside of Canada to Canadian companies for management fees and the like are not to be allowed as deductions if the non-resident controls the Canadian company.

Taxpayers claiming reciprocal relief for taxes paid in outside countries are not allowed, as against profits taxable in Canada, losses sustained in such countries.

All Income Tax Act changes are to come into force on the return for 1934, with two exceptions. These are with respect to depletion allowances of those gold mines which have been paying gold tax and to the tax on gifts, in which cases the change is effective as from the 1935 taxation period.

Rates of Surtax

Rates of surtax on investment income are as follows:

Including in income exceeding $5,000 but not exceeding $10,000, two per cent; included in any income exceeding $10,000 but not exceeding $14,000, three per cent; on any income exceeding $14,000 but not exceeding $20,000, three per cent; exceeding $20,000 but not exceeding $30,000, four per cent; exceeding $50,000 but not exceeding $75,000, six per cent; exceeding $75,000 but not exceeding $100,000, seven per cent; exceeding $100,000 but not exceeding $150,000, eight per cent; exceeding $150,000, but not exceeding $200,000, nine per cent; exceeding $200,000, 10 per cent.

On gifts, rates are:

Up to and including $25,000, two per cent; exceeding $25,000 but not exceeding $50,000, three per cent; exceeding $50,000 but not exceeding $100,000, four per cent; exceeding $100,000 but not exceeding $200,000, five per cent; exceeding $200,000 but not exceeding $300,000, six per cent; exceeding $300,000 but not exceeding $400,000, seven per cent; exceeding $400,000 but not exceeding $500,000, eight per cent; exceeding $500,000 but not exceeding $1,000,000, nine per cent; exceeding $1,000,000, 10 per cent.

The surtax recognizes a distinction between earned income and investment income. These categories were recognized in the tax system of other countries, Finance Minister E. N. Rhodes stated, and he thought "it might fairly be held in mind when the question of distributing the burden incidental to providing increased social security was being considered." With this principle in mind, the important amendment to the act was being made, he said.